

# Annual Report 2016

## AGM Wednesday 7th December



**YOUR** Credit Union... Supporting **YOUR** Community



## Your AGM 2016

Notice is hereby given that the Annual General Meeting of Sligo Credit Union will take place on Wednesday, December 7th at 8pm at the Glasshouse Hotel, Sligo.

*Helen Mc Morrow*

Helen McMorrow  
Secretary.

## Notice of Elections

Elections will be held to fill 2 vacancies on the Board of Directors, 1 vacancy on the Board Oversight Committee and the position of Auditor.

*Helen Mc Morrow*

Helen McMorrow  
Secretary



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Sligo Credit Union sponsors the So Sligo Food Festival and Fergus Mac Nabb presents the Credit Union Brendan Currid Memorial Cup to the joint winners Anne Brady and Declan Davoren of the Metalman Swim Series. We were delighted to sponsor this year's event.

# AGM Agenda 2016

1. The acceptance by the board of directors of the authorised representatives of members that are not natural persons.
2. Ascertainment that a quorum is present.
3. Adoption of Standings Orders.
4. Reading and approval (or correction) of the minutes of the last AGM.
5. Report of Directors.
6. Consideration of accounts.
7. Report of the Auditor.
8. Report of the Board Oversight Committee.
9. Declaration of 0.25% Dividend and a 5% Rebate of Loan Interest and approval by members for deduction from Shares of:
  - a. Death Benefit Insurance (DBI) premium of €6.83
  - b. Affiliation Fee of €0.90 and
  - c. Contribution of €0.50 to International Development of Credit Unions – full details will be available to members at AGM. It is important that members attend the AGM to vote on this or provide us with written instructions if they specifically do not wish to avail of DBI.
10. **Amendments to standard rules arising from league AGM 2016:**

That this annual general meeting agrees to amend to amend Rule 13(2) of The Standard Rules of Credit Unions (ROI) to read as follows:

A person shall be treated as having the qualification required for admission to membership of the Credit Union if he is a member of the same household as, and is a member of the family of, another person who is a member of the Credit Union and who has a direct common bond with those other members.

*However, a child or step-child of a member, where such child or step-child is under the age of 18 years and living outside the common bond but resident in the Republic of Ireland or the United Kingdom, shall not be precluded from membership of the Credit Union*
11. Report of the Credit Committee.
12. Report of the Credit Control Committee.
13. Report of the Membership Committee.
14. Report of the Finance Committee.
15. Report of the Nominating Committee.
16. Appointment of Tellers.
17. Election of Auditor.
18. Election to fill vacancies on the Board of Directors
19. Any other business.
20. Announcement of election results
21. Adjournment or close of meeting.



Sligo CU sponsors tops for the Calry/St Joseph Underage Academy, in the picture is Brian McGauran and Declan McGoldrick coaches and Susan Fagan of Sligo CU. Sligo CU were delighted to visit and talk with the RARA group in March 2016





## Educational Bursary Awards

Since 2006, Sligo Credit Union has distributed Education Bursaries of €97,000 to our members and their children attending third level college. If you or your children are attending third level college in 2016/2017, we invite you to complete a nomination form on Page 7 and return it to us in Stephen Street before December 31st this year. We will present the awards, which are selected by an open draw, in January 2017.

Do you know that Sligo Credit Union offers Education Loans at the extremely attractive rates of 7.75%. Even if your children are attending National School, a regular savings programme now for their education is well worth while. Our estimate of cost for one year of third level education is up to €10,000 per child and sadly, this cost is increasing. At any stage, make an appointment to talk to staff in Stephen Street and we will be glad to assist you in making a start to saving for your children's education needs.



Fergus MacNabb Sligo CU Chairperson presents Emma Griffin her bursary for €1,000 / Sile Uí Ghallachoir presents Dearbhla Gallagher her €1,000 Bursary.

The conditions of entry are:

1. The nominees are confined to members or children of members of Sligo Credit Union, including officers, as at September 30th 2016. All members are therefore notified of the Bursaries through our AGM notification.
2. The nominees must provide proof of their full time third level education or proposed education for 2016/17.
3. Cash will not be given to the successful nominees – payment will be made by cheque only to the college or institution for registration or other 2016/17 fees or refunded to members on receipt of paid fees for 2016/17.
4. The successful bursaries will be drawn from all entries received in January 2017.
5. A person may only be nominated once by themselves or a parent or guardian. Multiple nominations will not be allowed.
6. The successful nominees will be notified by Sligo Credit Union and agree to be included in local press photographs.

**Sligo Credit Union has given out €97,000 in Educational Bursaries over the past 10 Years!**

# Nomination Form for Educational Bursary

FILL OUT & RETURN TO SLIGO CREDIT UNION

Name\_\_\_\_\_

Address\_\_\_\_\_

\_\_\_\_\_

Credit Union Number\_\_\_\_\_

Phone Number\_\_\_\_\_

I wish to nominate\_\_\_\_\_

for a Credit Union Bursary for 2016/17.

Please state your relationship to the nominee (e.g. self, father, mother, guardian...)

\_\_\_\_\_

Please provide details of the college the nominee is attending or proposes to attend in 2016/17

\_\_\_\_\_

Signed\_\_\_\_\_ Date\_\_\_\_\_

This nomination must be returned to Sligo Credit Union Limited, Hyde House, Stephen Street, Sligo by 31st December 2016.



Peter Smith Director of Sligo CU presents Sinead Connolly her bursary. Proud Dad Donal O'Brien with his daughter Orlene receiving her bursary.

Sligo Credit Union Car & Cash Draw





## Like a new car or a cash prize?

### Join our Member's Car & Cash Draw and you have an excellent chance of being a lucky prize winner!

☐ Yes, I wish to be included in the Member's Draw  
until I notify the Credit Union otherwise in writing.

Last year we gave away 3 top cash prizes to  
the value of €44,000 and 189 members shared  
€103,750 in smaller cash prizes.

*If you would like to be included in the Member's Draw at the  
current cost of €60, sign the form and return to Sligo Credit  
Union.*

*All the proceeds from the draw are returned as prizes after  
basic costs are covered. The draw is non-profit making and  
is run for the benefit of the members.*

I agree to be bound by the Rules of the Draw as outlined below.

Name \_\_\_\_\_

Address \_\_\_\_\_

Credit Union Account Number \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Payment Options: ☐ €60 ☐ €20 x 3 Funds to be drawn from Member's Account

### Car & Cash Draw Rules for Sligo Credit Union

1. The Draws will be made at dates named by the Board of Directors of Sligo Credit Union and will continue thereafter until the Board of Directors deems otherwise. If funds permit, additional prizes may be distributed in any particular draw.
2. There will be two payment options:  
(a) An annual deduction from member's savings of €60 or (b) a deduction of €20 prior to each draw.  
The Board of Directors may change the annual cost of the draw in the future.
3. The make and type of the car will be at the sole discretion of the Board of Directors.
4. The Credit Union may, at its discretion give a cash equivalent in lieu of the car if a member wishes, it will not enter into any negotiations with or on behalf of a member who wishes to enter negotiations with the supplier of prizes. The car must be collected within 4 weeks of the draw or the member will forfeit the prize.
5. Winning members must agree to take part in any promotional activities with Sligo Credit Union.
6. The Credit Union, its Directors, Employees, Servants or Agents will not accept any liability for any defect mechanical or otherwise, found in the car or any prize supplied, or subsequently arising, or for any consequence thereof, however so arising.
7. Participation in the draw is limited to one entry per eligible member of Sligo Credit Union (including directors, supervisors, volunteers or staff) who are aged 18 or over on the date of the draw. Only paid up members will be eligible for each draw and the Board of Directors reserve the right to decide on participants.
8. All draws will be held under the supervision of a member of the Board of Directors or a person appointed by the Board of Directors.
9. Where there are multiple draws for a car and additional prizes, the order of the draws will be decided in advance by the Board of Directors.
10. After verification of the result, the winners will be notified by post as soon as possible, and the winners name and photograph may be used in promoting the draw.
11. Financial accounts at each year-end will be audited by the Auditor appointed by the Credit Union.
12. The draw will be non-profit making and any surplus funds will be disposed of by way of additional prizes. All legitimate expenses and overheads relating to the set-up and operation of the draw will be borne out of the draw fund.
13. In the event that the winning member is a person who is in arrears or in default in carrying out any financial commitment/obligation to the Credit Union, the Board of Directors may make a decision to withhold the prize won by the member until the arrears have been paid or the default rectified. Such decision of the Board of Directors will be notified in writing to such member and if within seven days of the member being notified, the member fails to comply with the requirements of the Board of Directors in relation to such arrears or default, they shall be entitled to sell or otherwise dispose of the car at the best available price (which will not necessarily comprise the list or garage selling price of the car) or withhold the cash prize and pay over to the winning member the net proceeds after deducting any such arrears or paying any monies required to remedy such default.
14. Only one prize per member per draw is permitted.
15. The decision of the Board of Directors of Sligo Credit Union concerning the interpretation of the foregoing rules or any matter pertaining to the draw will be final and not subject to appeal.
16. If a member has insufficient funds for two consecutive draws, they will be cancelled from the car draw from that date.
17. In the event of the death of a member who has been notified as a finalist, the next of kin (or their representative) will be permitted in his/her place at the draw.
18. If a member has had post returned and the address is unknown for two consecutive draws, they will be cancelled from the car draw from that date.
19. Car & Cash Draw is audited by Gilroy Gannon Accountants.

## Director's Report



I am very pleased to present our Annual Report for the year ended September 30<sup>th</sup> 2016.

2016 has been a successful year for your Credit Union and there are some very positive signs of growth particularly in our lending activity. This year our Shares have grown

by 9% (12% 2015) and more importantly, our Member's Loans have increased by 9.3% - up from a growth figure of 2.9% last year. Our income has increased by 7.6% to €2.4 million and our costs have increased by 16.5% to €1.6 million.

Despite the strong financial performance above, we face strong challenges across all areas of our activities. As our Balance Sheet continues to grow, so too does our Statutory requirement to fund our Reserves to a minimum of 10% of Assets. This year we will allocate approximately €440,000 from our annual surplus to maintain this reserve. Our Investment returns continue to deteriorate and maturing Investments are attracting in the region of 0.01% or a return of €100 per annum on €1 million. This obviously has an effect on our projections and funding requirements.

The most important financial area we can focus on is the provision of good quality loans to our members. We would ask you to spread the word amongst your family and friends that a loan from your Credit Union supports community activity at every level. Last year we lent over €16 million to our members and practically all of this money was spent locally in improving homes, educating children, changing cars and generally improving the lives of our members. The interest collected from these loans allows us to make a return to our community in supporting many community, sporting, cultural and charitable events that we so willingly do.

We were delighted to celebrate our 50 Years in Sligo with several events last year and this year marked the unveiling of the first piece in the Yeats Open Air Art Gallery which was designed in collaboration with Catriona Yeats – we are very pleased with our association with this project which we believe will have a lasting positive effect for tourism in our town.

We have invested substantial time in developing electronic alternatives for members and are pleased

to advise that we will be launching on-line access to members accounts in the first 2 months 2017. This will allow members to transfer funds to nominated accounts without the need to call in to our office. We had hoped to be in a position to advise members that we would have a Credit Union Debit Card offering available to them this year but it looks unlikely that this will happen in the short term. The Central Bank are reviewing the requirements for Debit Cards and we are disappointed at the delay while licensing and other issues are worked out.

We are very conscious that our building in Stephen Street is quite congested for members and we are extremely limited in what we can do within our existing building to improve comfort and privacy for members and staff alike. Over the last year we have been actively looking at alternatives and hope to be in a position to make progress in the short term on a building that will allow us serve our members in a more suitable manner.

We have made continued investments in our staffing in Stephen Street to ensure we meet the ever increasing demands of Compliance and Governance. We have always taken this view, not simply because we are required to do so, but because we believe that it is in our members best interests to act correctly in all aspects of our interaction with our stakeholders.

With all the sometimes conflicting demands on Credit Unions, it could be easy to lose focus on the most important thing we do – to serve our members in a co-operative and fair manner. There should be nothing more important to us than ensuring that members are treated in the manner they have come to expect from Credit Unions over other financial institutions.

It would not be possible to provide the services we do without the voluntary input of our Directors, Board Oversight Committee and volunteers who give up substantial free time each year in policy development and review, monthly Board Meetings and ongoing committee and project work. I would like to thank all our volunteers and staff for the level of service, care and professionalism they provide each year.

A handwritten signature in dark ink, appearing to read 'F MacNabb'.

Fergus MacNabb,  
Chairperson, Sligo Credit Union

# Statement of Directors' Responsibilities

The Credit Union Act 1997, (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that period. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Credit Union will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and which enables them to ensure that the financial statements comply with the Credit Union Act, 1997 (as amended). They are also responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Fergus McNabb  
Chairperson



Helen McMorrow  
Secretary

## Board Oversight Committee

Michael Giblin, Marie Fowley, Jackie Duggan.



The Central Bank continues to control the financial system with the objective of ensuring that we avoid the financial disaster which affected the country in 2008.

The Board Oversight Committee (BOC) in the Credit Union is part of the system in that we assess the performance of the Board of Directors (BOD) and report our observations/ comments to them

on 4 occasions during the year, and we may also report directly to the Regulator should the need arise.

The volume of work being carried out by staff, directors, and volunteers has expanded over the past few years, and this has led to the need to employ additional staff with specialist qualifications.

All sub committees have reported regularly to the monthly BOD meetings, including Internal Audit, Risk Officer, and Compliance Officer, the latter two positions did require the Board to take positive action to alleviate the pressure.

From our observations, we therefore conclude that the Board of Directors has generally complied with Part IV of the 1997 Act, as amended by Part IVA of the 2012 Act, with no material deviation from the requirements specified by the Acts.



Michael Giblin  
Chairperson, Board Oversight Committee.

# Statement of Board Oversight Committee's Responsibilities

For year ended September 30<sup>th</sup> 2016

"The Credit Union Act, 1997 (as amended) requires the appointment of a Board Oversight Committee to assess whether the board of directors has operated in accordance with Part IV, Part IVA and any regulations made for the purposes of Part IV or Part IVA of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Bank in respect of which they are to have regard to in relation to the board."

## Nomination Committee

Síle Uí Ghallachoir, Bernie Conlon, Seamus Kilgannon



The nomination committee met regularly throughout the year. We undertook training to enhance our role on this committee.

A succession plan was put in place last year and we recently reviewed the Board of Directors and as part of this consultation, we have two new vacancies at this years A.G.M along with two Board members who are up for re-election.

The Nomination Committees are working with our existing volunteers and we continue to recruit new volunteers. All volunteers are giving induction training in the initial months with the Credit Union.

We encourage members of the board to undertake additional training in order for the board to make informed decisions.

The Nomination Committee intends in the coming year to identify members who have special skills for example I.T, legal, financial ,marketing and human resource who we could call on for specific projects over a defined time scale i.e weeks or months.

We would like to thank the management and staff for all their continued co-operation and input during the year.

*Síle Uí Ghallachoir*

Síle Uí Ghallachoir  
Nomination Committee



# Membership Committee

Peter Smith, Juanito Guanzon



During 2016 1382 new members joined Sligo Credit Union; this includes new members who joined in Collooney Credit Union. Sligo Credit Union continues to grow with a current membership of 19152. You can join Sligo Credit Union if you live or work within the greater Sligo area. If in any doubt about your eligibility, drop into the office at Stephen Street.

Some of the benefits of membership of Sligo Credit Union include:

- a) Saturday morning opening in Sligo and Collooney
- b) Death Benefit Insurance
- c) Easy access to Car, Home Improvement and Student Loans
- d) Security of Savings
- e) Internet access and online services to your account
- f) Greater choice of services over other financial providers
- e) Community based

During 2016 the membership committee was active in promoting Sligo Credit Union; this included an open day in the Collooney office in March and an advertising campaign in August.

Sligo Credit Union like all Credit Unions depends on volunteers to help provide direction and governance. Any member can become a volunteer.

Sligo Credit Union staff continues to provide a friendly and professional service to all its members.

*P. Smith.*

Peter Smith  
Membership Committee



Launch of the “Donate your Credit Union Dividend” to the North West Hospice and Sligo Cancer Support Centre

# Credit Committee Report

Patricia Dennison, Marie Mulligan, Barbara Dobson.



This year has again been a busy one for the Credit Committee. Last year 6,770 members were issued with loans totalling just over €16 .3million. This represents a growth of 9.3% on last year which should be considered positive and a possible indication of an improving economy.

The various loan rates available from Sligo Credit Union offer members excellent value for money. Currently we offer a Standard loan rate of 9.5%, Car and Education loan rate at 7.75%, a Home Improvement Rate of 6.9% and a secure loan rate at 6%.

Sligo Credit Union continues to implement the changes introduced last year due to the regulatory demands placed upon it. We are required to seek more information than previously. In order to process loan applications quickly those changes were necessary and we again thank members for their patience in this regard. As your Credit Union, we are extremely conscious of the pressure people are under and our goal is to assist as many members as possible to educate their families, replace their car, or complete necessary home improvements etc.

We are delighted that again this year our Board are recommending a Loan Interest Rebate of 5% to members which the Board feel goes a small way to thanking the members who have used the Credit Union as their preferred lender. I would like to thank our Committee for all their hard work this year and I would also like to thank the staff for their support, and a special Thank You goes to Louise Downes who assists our Committee throughout the year.

*Patricia Dennison*

Patricia Dennison  
Chairperson  
Credit Committee



Bernie Conlon of Sligo CU presents Anne Feehily her winning cheque. Seamus Kilgannon and Fergus MacNabb of Sligo CU present Vivieene Ryan her winning cheque.

# Credit Control Committee Report

James Kelly, Josephine Kenney, Helen Hamilton



Our Committee has responsibility for ensuring that members repay their loans in accordance with their credit agreement. Where this is not taking place, all reasonable efforts are made to ensure that members honour their agreements to the best of their ability.

In the year ending September 30th 2016, loans of just under €16.3 million were granted by Sligo Credit Union to 6,770 borrowers. Improvements continue in our loan arrears position. In the year ending September 2015, loans in arrears for more than 9 weeks were €2.5 million or 11% of gross loans. This has significantly improved in the year ending September 2016, arrears having fallen to €1.7 million or 7% of gross loans. This year, loans of approximately €301k were written off compared to €852k last year. In addition, loan recovery this year was €220k.

We would like to thank Adrienne McCann, Paul Guilfoyle and Tomás Kelly for their work throughout the year. We take this opportunity to wish Paul continued recovery from his recent illness.

*James Kelly*  
James Kelly



Teacher Michael O'Donnell with some of the great savers in St. Brendan's NS, Cartron

# Finance Committee

Martin Cronin, Fergus MacNabb, Noel Mooney, Barry O'Flynn



The finance committee is a sub-committee of the Board of Directors and consists of members of the Board and the manager. The committee examines any aspect of our activities/business that will have an impact on our finances.

Again this year we have spent a lot of time ensuring that we get the best return on investments. We have met with our financial advisors but as most of you already know I'm sure the return on savings and investments is very poor. In fact some organisations are charging to mind your money. More and more regulations due to new legislation have meant that the staff in particular has had to spend a lot of time and expertise to implement all these changes.

A new strategy plan and business plan has been developed and this will identify areas we need to change and develop, covering short to medium term. In this plan we have included triggers which will identify areas we need to watch and act on if the financial situation changes. One of the biggest pressures on your Credit Union is the amount of reserves we need to carry. At the moment this is 10% of total assets. We are currently at 12% but we have to contend this year with a new reserve fund which we will have to add to in the coming years.

The best and probably the only way to ensure we have the resources to do this are for the members to borrow from your Credit Union. It offers very good value for money, insurance free to members (subject to certain limitations relating to age, state of health & amount) and the comfort that you are dealing with an organisation that is only interested in the wellbeing of all its members. Due to delays at national level we are still not in a position to offer debit cards but it will come and not in the too distant future.

The good news in this area and it is very good news is that we will be offering CU anywhere which is the Credit Unions mobile banking in 2017. This is a major development and will enable transfer of funds, payments etc. to be made at the touch of a button from your computer, notepad or smart phone at any time. The system is a very good one and will transfer funds on the same day if we get in early on that day. Until such time as we have our own debit card you will be able to transfer funds from your Credit Union savings to your existing debit card. We hope this will alleviate some of the queues we are experiencing and assist those who have not the time to visit the office. We will of course always be glad to see our members in person as we all know this is part of what we are and do.

We believe the future is bright for your Credit Union whether in person or on-line. Finally we are still actively considering a premises change to ensure that we can provide an even better service to our members. We will be proceeding with caution and will only act in the best interest of you the members, having regard to the overall financial situation and in consultation with our auditors and advisors.

A handwritten signature in black ink that reads "Martin Cronin".

Finance Committee



# Independent Auditors' Report

To the Members of Sligo Credit Union Limited

We have audited the Financial Statements of Sligo Credit Union Limited for the year ended 30th September 2016 which comprise the Income and Expenditure Account, the Statement of Changes in Retained Earnings, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practices in Ireland).

This report is made solely to the Credit Union's members, as a body, in accordance with Section 120 of the Credit Union Act, 1997 (as amended). Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report or for the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Credit Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report for the year ended 30th September 2016 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

## Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Credit Union's affairs as at 30th September 2016 and of its income and expenditure for the year then ended.
- Have been prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- Have been properly prepared so as to conform with the requirements of the Credit Union Act, 1997 (as amended).

Other matters prescribed by the Credit Union Act, 1997 (as amended)

- We have obtained all the information and explanations which we considered were necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union.
- The financial statements are in agreement with the accounting records



Gilroy Gannon  
Chartered Accountants and  
Statutory Audit Firm  
25 Stephen Street, Sligo

Date: 2nd November 2016

# Income and Expenditure Account

for the financial year ended 30th September 2016

## INCOME

	NOTE	2016	2015 (Restated)
		€	€
Interest on Members' Loans		2,053,233	1,951,565
Interest Payable and Similar Charges	4	(348,587)	(322,281)
Other Interest Receivable and Similar Income	5	549,846	498,248
Net Interest Income		2,254,492	2,127,532
Other Income	6	107,438	66,591
<b>TOTAL INCOME</b>		<b>2,361,930</b>	<b>2,194,123</b>

## EXPENDITURE

Salaries	7	703,801	594,801
Other Management Expenses	8	781,308	631,799
Depreciation		52,073	45,800
Impairment of Freehold Premises		-	125,416
Cost of Transfer of Engagements		-	15,943
Bad and Doubtful Debts Recognised for the Year	9	40,251	(60,307)
<b>TOTAL EXPENDITURE</b>		<b>1,577,433</b>	<b>1,353,452</b>


## SURPLUS FOR THE YEAR

784,497 840,671

On Behalf of the Credit Union:



Barry O'Flynn  
Manager



Michael Giblin  
Board Oversight Committee



Fergus MacNabb  
Board of Directors

The Financial Statements were approved on 2nd November 2016

# Statement of Changes in Retained Earnings

for the financial year ended 30th September 2016

	2016	2015 (Restated)
	€	€
As at 1 October 2015	1,020,419	873,827
Total Comprehensive Income for the year	784,497	840,671
Net Transfers to Other Reserves (See Below)	(682,039)	(694,079)
As at 30 September 2016	1,122,877	1,020,419

	Retained Earnings				Other Reserves		Members Resources
	A	B	C	(A + B + C)	Regulatory	Operational	
	Realised	Unrealised	Dividend & Interest Rebate Reserve	Retained Earnings	Reserve	Risk Reserve	Total
MOVEMENT IN RESERVES							
As at 1 October 2015	671,459	-	348,960	1,020,419	7,343,081	847,295	9,210,795
Surplus for year	784,497	-	-	784,497	-	-	784,497
Transfer to Regulatory Reserve	(440,000)	-	-	(440,000)	440,000	-	-
Transfer to Operational Risk Reserve	(242,039)	-	-	(242,039)	-	242,039	-
Transfer from Dividend & Interest Rebate Reserve	104,397	-	(104,397)	-	-	-	-
As at 30 September 2016	878,314	-	244,563	1,122,877	7,783,081	1,089,334	9,995,292

# Balance Sheet

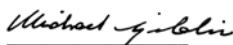
as at 30th September 2016

	NOTE	2016 €	2015 (Restated) €
<b>ASSETS</b>			
Cash and Balances at Bank		1,869,737	3,836,502
Deposits and Investments	10	41,886,738	36,101,979
Loans to Members	11	25,310,872	23,161,130
Less: Provision for Bad and Doubtful Debts	12	(2,313,869)	(2,355,195)
Tangible Fixed Assets	13	665,293	636,154
Prepayments and Accrued Income	14	238,780	220,769
<b>TOTAL ASSETS</b>		<b><u>67,657,551</u></b>	<b><u>61,601,339</u></b>
<b>MEMBERS LIABILITIES</b>			
Members Shares	16	56,507,387	51,893,469
Budget Accounts		138,467	124,171
Current Accounts		805,473	212,442
<b>OTHER LIABILITIES</b>			
Accruals, Other Creditors and Deferred Income	17	210,932	160,462
<b>MEMBERS RESOURCES</b>			
Regulatory Reserve		7,783,081	7,343,081
Operational Risk Reserve		1,089,334	847,295
Retained Earnings:			
- Realised Reserves		1,122,877	1,020,419
		<b><u>67,657,551</u></b>	<b><u>61,601,339</u></b>

On Behalf of the Credit Union:



Barry O'Flynn  
Manager



Michael Giblin  
Board Oversight Committee



Fergus MacNabb  
Board of Directors

The Financial Statements were approved on 2nd November 2016

# Cash Flow Statement

for the financial year ended 30th September 2016

	NOTE	2016 €	2015 (Restated) €
<b>Cash Flows from Operating Activities</b>			
Surplus		784,497	840,671
<i>Adjustments for Non-cash Items:</i>			
Depreciation		52,073	45,800
Impairment Losses		-	125,416
Increase/(Decrease) in Provision for Bad and Doubtful Debts		40,251	(60,307)
		<u>876,821</u>	<u>951,580</u>
<b>Movements in</b>			
Accrued Interest		43,183	29,986
Other Receivables		(61,194)	(17,121)
Other Payables		50,470	13,498
		<u>32,459</u>	<u>26,363</u>
<b>Cash Flows from Changes in Operating Assets and Liabilities</b>			
Members Shares in		36,968,242	34,290,635
Members Budget Account Amounts in		570,036	604,237
Members Current Account Amounts in		3,842,879	616,483
Repaid Members Shares		(32,354,324)	(30,964,198)
Members Budget Account Withdrawals		(552,516)	(590,223)
Members Current Account Withdrawals		(3,249,849)	(434,982)
New Loans to Members		(16,288,726)	(13,672,147)
Repayment of Loans by Members		13,837,414	12,509,569
Collooney Cash and Bank Balances on Transfer of Engagement		-	303,191
		<u>2,773,156</u>	<u>2,662,565</u>
Net Cash Flows from Operating Activities		<u>3,682,436</u>	<u>3,640,508</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property Plant & Equipment		(81,213)	(54,706)
Net Cash Flow from Managing Deposits and Investments		(3,520,694)	(3,573,279)
		<u>(3,601,907)</u>	<u>(3,627,985)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		80,529	12,523
Cash and Cash Equivalents at Beginning of Financial Year		15,852,335	15,839,812
Cash and Cash Equivalents at End of Financial Year	19	<u>15,932,864</u>	<u>15,852,335</u>



# Notes to the Financial Statements

for the financial year ended 30th September 2016

## 1. Legal and Regulatory Framework

Sligo Credit Union Limited is established under the Credit Union Act, 1997 (as amended). Sligo Credit Union Limited is registered with the Registrar of Credit Unions and is regulated by the Central Bank of Ireland.

## 2. Accounting Policies

### Basis of preparation

These financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are prepared on the historical cost basis.

### First-time adoption of FRS 102

These are Sligo Credit Union Limited's first financial statements to comply with FRS 102. The date of transition to FRS 102 is 1 October 2014. The transition to FRS 102 has resulted in a small number of accounting policy changes compared to those applied previously. Note 25 to the financial statements describes the differences between the retained earnings and surplus presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ended 30 September 2015 (i.e. comparative information), as well as the retained earnings presented in the opening balance sheet (i.e. at 1 October 2014). It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

### Going Concern

The Directors of Sligo Credit Union Limited believe that it is appropriate to continue to prepare the financial statements on the Going Concern basis.

### Income

Interest on Members' Loans is recognised on an accruals basis. An adjustment is made to the year-end amount receivable for any irrecoverable amounts or amounts written off for whatever reason. This is the method required by Generally Accepted Accounting Practice (GAAP) and as prescribed by Section 110(f) of the Credit Union Act, 1997 as inserted by item 98 of Schedule 1 of the Credit Union and Co-Operation with Overseas Regulators Act 2012.

### Investment Income

Investment Income is accounted for differently depending on how the different investments are designated at the outset and based on meeting certain criteria. The Credit Union uses the following accounting methods:

#### - Investments at fair value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the year-end date and all gains and losses are taken to the income and expenditure account.

#### - Held to Maturity investments

Investments designated on initial recognition as held-to-maturity are investments that the Credit Union intends, and is able to, hold to maturity. These are carried at amortised cost using the effective interest method. The fair value of some investment products will change during their life, but they will have a fixed maturity value at some future date. When designated as held-to-maturity, any change in the fair value during the term of the investment is ignored, with the Credit Union only accounting for interest received. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification.

# Notes to the Financial Statements

for the financial year ended 30th September 2016

## - Central Bank Deposits

Credit Unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the Credit Union but to which the Credit Union has restricted access. The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the Credit Union while it is a going concern. In accordance with the direction of the Central Bank the amounts are shown as current assets and are not subject to impairment reviews.

## Tangible Fixed Assets

Tangible fixed assets comprise items of freehold premises, fixtures and fittings and computers, which are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The categories of property, plant and equipment are depreciated as follows:

Freehold Premises	2% per annum
Fixtures and fittings	10% per annum
Computers	50% per annum

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and loans and advances to banks (i.e. cash deposited with banks) with maturity of less than or equal to three months.

## Financial assets – loans and advances to members

Loans to members are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the member.

## Impairment of bad debts

Sligo Credit Union Limited assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Any bad debts/impairment losses are recognised in the income and expenditure account, as the difference between the carrying value of the loan and the value of the expected future cash flows.

## Financial liabilities members' shares

Members' shareholdings in Sligo Credit Union Limited are redeemable and therefore are classified as financial liabilities. They are initially recognised at the amount of cash deposited and subsequently measured at the nominal amount.

## Employee benefits

Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the Credit Union for the relevant period.

# Notes to the Financial Statements

for the financial year ended 30th September 2016

Other employee benefits: Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

## Pension Costs

Contributions to the (Defined contribution) Pensions scheme are charged to the Income and Expenditure Account in the period to which they relate.

Sligo Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme, it is not possible for Sligo Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities.

Consequently, it accounts for the Scheme as a defined contribution plan. There is an agreed funding plan in respect of the Pension Scheme as a result of a Minimum Funding Standard deficit certified by the Scheme's Actuary in 2009. Consequently, Sligo Credit Union Limited recognises a liability at each balance sheet date for its outstanding contributions payable under the agreed funding plan to the extent that they relate to committed funding in respect of the deficit to which the funding plan relates.

## Distributions

Sligo Credit Union Limited recognises a liability in respect of dividends and interest rebates payable to members only to the extent that they have been declared to and approved by the members at the Annual General Meeting of the Credit Union.

## Reserves

Retained earnings are the accumulated surpluses to date that have not been declared as dividends returnable to members. The retained earnings are subdivided into realised and unrealised in accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy. Investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as "unrealised" and is not distributable as a dividend in accordance with the Central Bank direction. All other income is classified as "realised". A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date.

## Dividend & Interest Rebate Reserve

Sligo Credit Union Limited maintains a separate dividend and interest rebate reserve which is a component of retained earnings. It maintains this reserve at the level of dividend and interest rebate proposed by the Directors at the end of each financial year and to be approved by the members of the Credit Union at the Annual General Meeting.

## Regulatory Reserve

The Credit Union Act 1997 (Regulatory Requirements) Regulations 2016 requires Credit Unions to establish and maintain a minimum regulatory reserve of at least 10 per cent of the assets of the Credit Union. This reserve is to be: perpetual in nature, freely available to absorb losses and comprise realised financial reserves that are unrestricted and non-distributable. This reserve is similar in nature and replaces the Statutory Reserve which was a requirement of previous legislation. The Credit Union held an amount of €7,783,081 (2015: €7,343,081) as regulatory Reserves at 30th September 2016. This represented 11.5 per cent (2015: 11.9 per cent) of the assets of the Credit Union.

## Operational Risk Reserve

Section 45(5)(a) of the 1997 Act requires each Credit Union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the Credit Union. Credit Unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business

# Notes to the Financial Statements

for the financial year ended 30th September 2016

model. The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The directors have considered the requirements of the Act and have considered an approach to calculation of the operational risk reserve based on indicative guidance issued by the Central Bank and using the higher of 15% of the average gross income over the previous three years (based on the Basel Indicator Approach); or 2% of Assets; or 30% of Expenditure. The Credit Union held an amount of €1,089,334 (2015: €847,295) as an Operational Risk Reserve at 30th September 2016. This represented 1.6 per cent (2015: 1.4 per cent) of the assets of the Credit Union.

## 3. Use of Estimates and Judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying Sligo Credit Union Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

### Bad debts/Impairment losses on loans to members

A provision for doubtful debts is made against loan balances in arrears at 30th September 2016. Sligo Credit Union Limited carries out a full and thorough review of its entire loan portfolio at each balance sheet date to determine if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

### Impairment of buildings

The Credit Union has periodic professional valuations of its premises carried out to establish if there is any objective evidence to suggest that the carrying value of buildings in its balance sheet may be overstated.

## 4. Interest Expense

Interest expense is the dividends and interest rebates paid to members for the prior year. The dividend and interest rebate is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date. The directors are proposing a dividend of .25% and a loan interest rebate of 5% to members to be paid, subject to agreement by the membership at the AGM, on 7th December 2016.

	2016 €	2015 €
<b>Interest Paid During the Year</b>		
Dividend Paid During the Year	248,139	226,094
Dividend Rate	0.5%	0.5%
 Interest Rebate Paid During the Year	 100,448	 96,187
Interest Rebate Rate	5%	5%
<b>Total Interest Paid During the Year</b>	<b>348,587</b>	<b>322,281</b>
 <b>Interest Proposed but not Recognised</b>		
Dividend Proposed	141,139	248,010
Dividend Rate	0.25%	0.50%
 Interest Rebate Proposed	 103,424	 100,950
Interest Rebate Rate	5%	5%
<b>Total Interest Proposed but not Recognised</b>	<b>244,563</b>	<b>348,960</b>

# Notes to the Financial Statements

for the financial year ended 30th September 2016

## 5. Other Interest Income and Similar Income

	2016	2015 (Restated)
	€	€
Deposit Interest	212,805	263,827
Investment Income	337,041	234,421
	<u>549,846</u>	<u>498,248</u>

Included within the above is deposit interest due at the balance sheet date as follows:

	2016	2015 (Restated)
	€	€
Due within one year (Note 14)	54,219	92,207
Due outside of one year	-	-
	<u>54,219</u>	<u>92,207</u>

## 6. Other Income

	2016	2015
	€	€
ECCU Claims Experience Refund	73,321	47,203
Foreign Exchange Income	12,362	15,239
Entrance Fees	996	877
Budget Account Interest and Charges	3,225	2,946
REBO funds for restructuring	17,511	-
Sundry Income	23	326
	<u>107,438</u>	<u>66,591</u>

## 7. Key Management Remuneration

The Directors of Sligo Credit Union Limited are all unpaid volunteers. The key management team for Sligo Credit Union Limited would include the Credit Union manager and two other senior staff.

	2016	2015
	€	€
Salary	176,579	170,283
Other Short Term Employee Benefits paid to Key Management	2,259	2,305
Payments to Defined Contribution Pension	38,384	38,141
	<u>217,222</u>	<u>210,729</u>



# Notes to the Financial Statements

for the financial year ended 30th September 2016

## 8. Other Management Expenses

	2016	2015 (Restated)
	€	€
Rent and Rates	13,867	14,847
Light, Heat and Cleaning	16,860	16,079
Repairs and Renewals	5,886	3,855
Security	5,959	4,399
Stationery and Printing	29,667	23,454
Telephone and Postage	19,357	15,660
Donations and Sponsorship	10,398	18,135
Debt Collection Fees	20,771	17,103
Promotion and Advertising	30,864	28,707
Training Costs	7,132	3,635
Convention Expenses	2,356	2,792
Chapter Expenses	592	840
AGM Expenses	18,607	17,330
Travel and Subsistence	22,076	16,856
Bank Charges	33,107	15,523
Audit Fee	17,220	16,383
Monitoring and Supervisory Fees	2,269	800
General Insurance	19,018	16,998
Share and Loan Insurance	228,831	203,426
Staff Pensions	47,106	34,185
Professional Fees	81,768	40,370
Resolution Levy	30,244	27,381
Computer Maintenance	53,882	33,134
Loans written off as Bad Debts	1,374	4,771
Educational Bursaries	12,000	8,000
Miscellaneous Expenses	12,444	9,419
Central Bank Deposit Protection Acc Deductions	66	560
Death Benefit Insurance	2,680	2,614
Affiliation Fees	6,288	8,849
Savings Protection Scheme Contribution	28,619	25,694
	<u>781,308</u>	<u>631,799</u>

## 9. Bad and Doubtful Debts Recognised for the Year

	2016	2015 (Restated)
	€	€
Impairment of Individual Loans (Note 12)	301,570	852,260
Increase/(Decrease) in Impairment During the Year	(41,326)	(698,012)
Reversal of Impairment where Debts Recovered	(219,993)	(214,555)
Total Impairment Losses/(Gains) Recognised for the Year	<u>40,251</u>	<u>(60,307)</u>

# Notes to the Financial Statements

for the financial year ended 30th September 2016

## 10. Deposits and Investments

The Credit Union has the following investments:

			2016	2015
			€	(Restated) €
<b>Held to Maturity Investments</b>				
	<b>Approximate Yield</b>	<b>Maturity Date</b>		
<b>Irish and EMU State Securities</b>	<b>Per annum</b>			
Irish 3.4% Government Bonds	1.90%	March 2024	1,931,901	1,953,325
Irish 4.4% Government Bonds	3.22%	June 2019	5,134,306	5,176,422
			<u>7,066,207</u>	<u>7,129,747</u>
<b>Bank Bonds</b>				
	<b>Approximate Yield</b>	<b>Maturity Date</b>		
	<b>Per annum</b>			
BOI 1.25% Snr Bond	1.38%	April 2020	697,924	702,205
AIB 1.375% Snr Bond	1.42%	March 2020	806,022	805,935
Deutsche 1.25% Snr Bond	1.33%	September 2021	2,703,303	999,365
PTSB 2.375% Snr Bond	2.23%	May 2018	2,320,575	2,336,652
AIB 2.75% Snr Bond	2.29%	April 2019	984,001	988,102
BOI 2% Snr Bond	1.65%	May 2017	1,482,398	1,487,942
			<u>8,994,223</u>	<u>7,320,201</u>
<b>Deposits</b>				
Investec			2,000,000	2,000,000
Ulster Bank			3,799,378	2,286,366
AIB			3,300,000	3,407,167
PTSB			7,190,733	5,723,984
Bank of Ireland			1,200,000	1,376,148
Rabo Bank			6,388,196	5,319,583
KBC			150,560	150,520
EBS			256,800	256,784
Central Bank			640,641	631,479
			<u>24,926,308</u>	<u>21,152,031</u>
<b>Investments Held at Fair Value</b>				
<b>Investments in Equities</b>				
Goodbody Protected Equity Selection 2			500,000	500,000
Goodbody Protected Euro Equity Investment 2			400,000	-
			<u>900,000</u>	<u>500,000</u>
<b>Total Investments and Deposits</b>			<b><u>41,886,738</u></b>	<b><u>36,101,979</u></b>

### Irish and EMU State Securities

These Government Bonds are centrally managed by Goodbody's.

### Bank Bonds

These Bank Bonds are centrally managed by Goodbody's.

### Deposits

The majority of deposits are centrally managed by Goodbody's with a small portion placed directly by Sligo Credit Union Limited with the various financial institutions. All deposits will mature within 5 years or less of the balance sheet date.

# Notes to the Financial Statements

for the financial year ended 30th September 2016

## Goodbody's Protected Equity Investments

These funds are centrally managed by Goodbody's. The funds are stated at market value and they did not generate any income during the year and there have been no gains or losses in the value of the funds since the original purchase date.

The basis of accounting for investments and income from investments is set out in Note 2.

## 11. Loans and Advances to Members – Financial Assets

	2016 €	2015 €
As at 1st October 2015	23,161,130	22,501,515
Advanced During the Year	16,288,726	13,672,147
Loan Balances brought in from Collooney Credit Union Limited	-	349,297
Repaid During the Year	(13,837,414)	(12,509,569)
Gross Loans and Advances to Members	25,612,442	24,013,390
Bad Debts Written off Against Provision During the Year (Note 12)	(301,570)	(852,260)
As at 30th September 2016	<u>25,310,872</u>	<u>23,161,130</u>

The basis of accounting for loans and advances to members is set out in Note 2.

## 12. Loan Arrears and Doubtful Debts/Other Impairment Losses

	2016 €	2015 (Restated) €
<b>Bad Debts</b>		
As at 1st October 2015	2,355,195	2,998,767
Allowance for Losses Made During the Year	(301,570)	(852,260)
Bad Debts Recovered During the Year	219,993	214,555
Allowances on Loan Balances Transferred from Collooney Credit Union Limited	-	54,440
Increase/(Decrease) in Allowances During the Year (Note 9)	40,251	(60,307)
As at 30th September 2016	<u>2,313,869</u>	<u>2,355,195</u>

## Impairment on Freehold Buildings (Note 13)

	2016 €	2015 €
As at 1st October 2015	125,416	-
Impairments recognised during the year	-	125,416
As at 30th September 2016	<u>125,416</u>	<u>125,416</u>

The current provision in the financial statements is €2,313,869 (2015 €2,355,195) representing 9% (2015: 10%) of the total loan book.

Loans rescheduled or refinanced during the year amounted to €397,399.

The basis of calculating the provision for bad and doubtful debts is set out in Note 2.

## 13. Tangible Fixed Assets

	Freehold Land & Buildings €	Fixtures & Fittings €	Computers €	Total €
<b>Cost</b>				
At 1st October 2015	929,979	283,047	375,066	1,588,092
Additions	-	9,284	71,927	81,211
At 30th September 2016	<u>929,979</u>	<u>292,331</u>	<u>446,993</u>	<u>1,669,303</u>

# Notes to the Financial Statements

for the financial year ended 30th September 2016

## Depreciation/Impairment

At 1st October 2015	379,979	210,433	361,526	951,938
Charge for the year	8,495	12,509	31,068	52,072
At 30th September 2016	<u>388,474</u>	<u>222,942</u>	<u>392,594</u>	<u>1,004,010</u>
Net Book Value at 30th September 2016	541,505	69,389	54,399	665,293
Net Book Value at 30th September 2015	<u>550,000</u>	<u>72,614</u>	<u>13,540</u>	<u>636,154</u>

A valuation was carried out on the Credit Union's premises at Stephen Street, Sligo in September 2015 by the Oates Brehony Group, a professional firm of valuers and estate agents. The premises was valued at €475,000 and consequently an impairment of €125,416 was recognised in the income and expenditure account for the financial year ended 30th September 2015 to bring the carrying value of the premises in line with this valuation.

Prior to the transfer of the former Collooney Credit Union Limited to Sligo Credit Union Limited in September 2015 a valuation was carried out on the former Collooney Credit Union Limited's premises at Collooney Co. Sligo by both the Oates Brehony Group and Sherry Fitzgerald Draper, both professional firms of valuers and estate agents. The premises was valued at €75,000 and consequently an impairment of €119,000 was recognised in the accounts of Collooney Credit Union Limited to bring the carrying value of the premises in line with this valuation.

The basis of accounting for Tangible Fixed Assets is set out in Note 2.

## 14. Prepayments and Accrued Income

	2016	2015 (Restated)
	€	€
Prepayments	120,651	59,457
Accrued Interest on loans outstanding by members	63,910	69,105
Accrued Deposit Interest (Note 5)	54,219	92,207
	<u>238,780</u>	<u>220,769</u>

## 15. Credit Risk Disclosures

Sligo Credit Union Limited does not offer mortgages and as a result the majority of loans to members are unsecured, except in instances where the loan to the member has been secured against their pledged share balance at the time the loan was advanced and to this extent there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. There are a small number of secured loans within the loan portfolio of Sligo Credit Union Limited which relate to home improvement loans with the Credit Union having put in place a charge over property as security for the amounts advanced.

The Credit Union complies with Section 12 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. This Regulation:

- restricts the concentration of lending by the Credit Union within certain sectors or to connected persons or groups (concentration limits);
- restricts the absolute amount of lending to certain sectors to set percentages of the regulatory reserve (large exposure limit);
- restricts the loan duration of certain loans to specified limits (maturity limits) and
- requires specified lending practices to be in place where loans are made to certain sectors such as commercial loans, community loans or loans to another Credit Union.

The carrying amount of the loans to members represents Sligo Credit Union Limited's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments. Where loans are not impaired/bad it is expected that the amounts repayable will be received in full.

# Notes to the Financial Statements

for the financial year ended 30th September 2016

	2016 €	2016 %	2015 €	2015 %
<b>Not Impaired/Fully Recoverable</b>				
Not Yet Past Due	10,834,884	43%	12,768,808	55%
Up to 3 Months Past Due	1,934,581	8%	2,506,903	11%
Between 3 and 6 Months Past Due	-	0%	-	0%
Between 6 Months and 1 Year Past Due	-	0%	-	0%
Over 1 Year Past Due	-	0%	-	0%
<b>Sub-Total: Loans Not Impaired/Fully Recoverable</b>	<b>12,769,465</b>	<b>51%</b>	<b>15,275,711</b>	<b>66%</b>
<b>Individually Impaired/Not Fully Recoverable</b>				
Not Yet Past Due	8,129,508	32%	2,940,461	13%
Up to 3 Months Past Due	1,702,776	7%	2,593,469	11%
Between 3 and 6 Months Past Due	1,783,750	7%	738,944	3%
Between 6 Months and 1 Year Past Due	310,845	1%	463,982	2%
Over 1 Year Past Due	614,528	2%	1,148,563	5%
<b>Sub-Total: Loans Individually Impaired/ Not Fully Recoverable</b>	<b>12,541,407</b>	<b>49%</b>	<b>7,885,419</b>	<b>34%</b>
<b>Total Carrying Value</b>	<b>25,310,872</b>	<b>100%</b>	<b>23,161,130</b>	<b>100%</b>

## 16. Members Shares

	2016 €	2015 €
Regular Share Accounts	54,804,387	50,339,162
Exempt Accounts	1,703,000	1,484,668
Medium Term Share Accounts	-	49,963
Long Term Share Accounts	-	19,676
	<b>56,507,387</b>	<b>51,893,469</b>

The basis of accounting for members shares is set out in Note 2.

## 17. Other Liabilities

	2016 €	2015 (Restated) €
Accruals	117,601	57,911
Other Creditors	33,990	48,668
Deferred Income (Note 18)	59,341	53,883
	<b>210,932</b>	<b>160,462</b>

## 18. Car Draw Income and Expenditure Account

	2016 €	2015 €
Deferred Income brought forward from prior year	53,883	52,909
<b>INCOME</b>		
Car Draw Entry Fees	154,219	143,584
<b>EXPENDITURE</b>		
Prizes and Costs	(148,761)	(142,610)
Surplus and deferred for future draws (Note 18)	59,341	53,883



# Notes to the Financial Statements

for the financial year ended 30th September 2016

## 19. Cash and Cash Equivalents

	2016	2015
	€	€
Cash at Bank and in Hand	1,869,737	3,836,502
Deposit Accounts Maturing < 3 Months	14,063,127	12,015,833
	<u>15,932,864</u>	<u>15,852,335</u>

## 20. Additional Financial Instruments Disclosures

### 20a. Financial Risk Management

Sligo Credit Union Limited manages its members' shares and loans to members so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Sligo Credit Union Limited's activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

**Credit risk:** Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Sligo Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves Sligo Credit Union Limited's lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

**Liquidity risk:** Sligo Credit Union Limited's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the Credit Union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

**Market risk:** Market risk is generally comprised of interest rate risk, currency risk and other price risk. Sligo Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Sligo Credit Union Limited is not exposed to any form of currency risk or other price risk.

**Interest rate risk:** Sligo Credit Union Limited's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on members' shares. Sligo Credit Union Limited does not use interest rate options to hedge its own positions. The management team report to the Board of Directors who in turn monitor interest income on a monthly basis and consider the income generated in the context of past performance and projections prepared by Management. The Board also receive regular reports on the level of investment income being generated and these reports allow them to make informed decisions regarding the level of dividend and interest rebate payments to members and any proposals to increase lending rates.

### 20b Interest Rate Risk Disclosures

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities:

	2016	Average	2015	Average
	€	Interest	€	Interest
Financial Assets		Rate %		Rate %
Loans to Members	25,310,872	8.6	23,161,130	8.9

The dividend payable is at the discretion of the Directors and is therefore not a financial liability of the Credit Union until declared and approved at the AGM.

# Notes to the Financial Statements

for the financial year ended 30th September 2016

## 20c Liquidity Risk Disclosures

All Sligo Credit Union Limited's financial liabilities are repayable on demand. The Credit Union retains, at all times, liquid assets amounting to a minimum of 20% of unattached savings.

## 20d Fair Value of Financial Instruments

Sligo Credit Union Limited holds the following financial instruments at fair value:

	2016	2015
	€	€
Investments in Equities (Note 10)	900,000	500,000

## 21. Post Balance Sheet Events

There are no material events after the balance sheet date to disclose.

## 22. Capital Commitments

The Credit Union has no capital commitments at the balance sheet date (€NIL – 2015).

Prior to the transfer of engagements from Collooney Credit Union Limited to Sligo Credit Union Limited, the value of Freehold Premises held by Collooney Credit Union Limited was written down by an amount of €119,000 to a carrying value of €75,000 being the market value of the premises as per a professional valuation. The Irish League of Credit Unions (ILCU) have advanced €119,000 to fund this reduction in value on the provision that where the premises is disposed of at any point in the future, and the amount realised on any such disposal exceeds €75,000 then the excess must be repaid to ILCU (or to the ILCU Savings Protection Company Limited if requested by ILCU), subject to a maximum amount repayable of €119,000.

There are no other material contingencies as at 30 September 2016 (€NIL – 2015).

## 23. Related Party Transactions

	Loans Advanced During Year €	Loan Balances Outstanding 30/09/2016 €	Attached Share Balances 30/09/2016 €	Unattached Share Balances 30/09/2016 €
Officers	35,880	81,378	20,707	81,686
Key Management Personnel	24,700	28,025	4,861	113,863
Parties Connected to Key Management Personnel	46,100	140,815	35,797	235,529
Total	106,680	250,218	61,365	431,078

An officer includes all paid staff of the Credit Union excluding key management personnel, all members of the Board Oversight Committee and all other unpaid volunteers.

Key management personnel includes three members of the paid staff of the Credit Union comprising the management team and all members of the Board of Directors of the Credit Union.

Parties connected to key management personnel includes any business in which a member of the Board of Directors or the management team has a significant shareholding (10% or more of the shares or voting rights in the business) and also includes a father, mother, spouse, civil partner/cohabitant, son, daughter, brother or sister of any member of the Board of Directors or the management team.

The loan balances outstanding from related parties of €250,218 at 30th September 2016 represent 1% of the overall gross loans outstanding at 30th September 2016.

# Notes to the Financial Statements

for the financial year ended 30th September 2016

## 24. Insurance against fraud

The Credit Union has insurance against fraud in compliance with Section 47 of the Credit Union Act, 1997 (as amended) in the amount of €2,600,000.

## 25. Transition to FRS 102

This is the first financial year that Sligo Credit Union Limited has presented financial statements complying with FRS 102. The last financial statements under Irish GAAP were for the financial year ended 30 September 2015. Sligo Credit Union Limited's date of transition to FRS 102 is 1 October 2014. Set out below are the changes in accounting policies which reconcile the surplus for the financial year ended 30 September 2015 and total equity as at 1 October 2014 and 30 September 2015 between Irish GAAP as previously reported and FRS 102.

### Reconciliation of Surplus for the Financial Year Ended 30 September 2015 from previous Irish GAAP to FRS 102

	2015 €
Surplus as Previously Reported	543,531
Bad Debt Provision Adjustment	294,079
Pension Adjustment	6,716
Accrual Basis for Income Recognition	(29,986)
Investments	26,331
<b>Restated Surplus (in accordance with FRS 102)</b>	<b>840,671</b>

### Reconciliation of Retained Earnings for the Financial Year Ended 30 September 2015 from previous Irish GAAP to FRS 102

	30/09/2015 €	01/10/2014 €
Retained Earnings as Previously Reported	842,887	699,356
Bad Debt Provision Adjustment	847,295	553,216
Pension Adjustment	(24,729)	(31,445)
Accrual Basis for Income Recognition	161,312	191,298
Investments	40,949	14,618
Transfer to Operational Risk Reserve	(847,295)	(553,216)
<b>Restated Retained Earnings (in accordance with FRS 102)</b>	<b>1,020,419</b>	<b>873,827</b>

The adjustments are:

#### 25a. Bad debt Provision Adjustment

FRS 102 does not permit general provisions for bad debts. FRS 102 does allow an Incurred But Not Reported (IBNR) bad debt provision which is similar to a general provision but calculated differently. IBNR is based on underlying evidence such as past experience of bad debts or linked to delinquency rather than a calculation based on worst case scenario and prudence.

#### 25b. Pension Adjustment

Under previous Irish GAAP, Sligo Credit Union Limited availed of the exemption outlined in paragraph 9(b) of FRS 17. However, FRS 102 requires a provision to be recognised where an agreement has been entered into with a multi-employer plan that determines how the deficit will be funded. The provision is measured based on the contributions payable that arise from the agreement with the multi-employer pension plan to the extent that they relate to the deficit. This had the impact of decreasing total equity by €31,445 upon transition on 1 October 2014 and increasing comprehensive income by €6,716 for the year ended 30 September 2015.

#### 25c. Accrual basis for income recognition

Credit unions historically accounted for interest income on a cash receipts basis. The 2012 Act introduced specific requirements and FRS 102 also requires that income be accounted for on an accrual basis. Interest earned as at 30 September but not received until after September is now accounted for as income in September. The correction is retrospective.

# Notes to the Financial Statements

for the financial year ended 30th September 2016

## 25d. Investments

Investments accounted for under the old “amortised cost model” rules have been restated to held to maturity using the “effective interest method” resulting in an adjustment applied retrospectively to both the income recognised from these investments and in their carrying amount.

## 25e Transfer to Operational Risk Reserve

The increase in retained earnings resulting from the reduced level of bad debt provision being carried under FRS 102 has been transferred to the operational risk reserve to ensure that sufficient levels of reserves are maintained to deal with the possibility of losses from any potential inadequacies that may arise in the Credit Union's internal processes or controls around lending and to further deal with the possibility of any future sudden increases in default levels on loans due to events and circumstances beyond the Credit Union's control.

## 26. The Irish League of Credit Unions Republic of Ireland Pension Scheme

Sligo Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Sligo Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the Scheme's actuary certifying a Minimum Funding Standard deficit in the Scheme in 2009, Sligo Credit Union Limited, the ILCU Group and the other Credit Unions participating in the Scheme entered into a funding agreement with the Scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority. In accordance with the requirements of FRS102, Sligo Credit Union Limited has recognised a liability for its outstanding contributions payable under this funding agreement to the extent that they relate to the deficit. Details of this transition adjustment under FRS102 are included in note 25.

As part of the above solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2015 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28 February 2015 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2014, using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.5% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2014 was €157m. The actuarial valuation disclosed a past service deficit of €27.7m at 1 March 2014 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.7% of pensionable salary, continues to be paid.

# Notes to the Financial Statements

for the financial year ended 30th September 2016

The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary.

## 27. Rates of Interest Charged on Members Loans

	2016 PER MONTH	2016 APR	2015 APR
Ordinary Member Loans	0.79%	9.97%	9.97%
Special Rate Education and Car Loans	0.65%	8.07%	8.07%
Special Rate Home Improvement Loans	0.57%	7.14%	7.14%
Special Rate Home Insulation Loans	0.65%	8.07%	8.07%
Secure Loans	0.50%	6.19%	6.19%

# Community Notice Board



Sligo Credit Union were delighted to Sponsor the Metal Man Swim Series in June 2016



A great afternoon was had by all the kids of MSC Summer Camp when on a visit to Sligo Fire Station.



Fergus MacNabb presents a sponsorship cheque to Team Manger Des Cosgrove of Sligo Rugby Club.



Some of the big winners in our December 2015 and March 2016 draws, Martin Cronin presents John McGowan his winning cheque, and Sile Ui Ghallachoir and Bernie Conlon of Sligo CU present Pat Harte his winning cheque.



# Sligo Credit Union Supporting Our Community

Friends of Sligo Regional Hospital	Coolaney Community Café	Sligo Feis Shligigh
Markievicz Heights Residents	Dynamo Gym Club	Strandhill Show
Indian Association of Sligo	Collooney Tidy Towns	The Star Factory
Grange Post Primary	Ballintogher Tidy Towns	Corran AC
Sligo Social Services	Ballisodare United FC	Blooming Sligo
North West Hospice	Coolaney Development Centre	St. Mary's GAA 400 Club
St Vincent De Paul	Malin to Mizen Fundraiser	The Sligo Way Ultra
Grange Armada Dev Assoc	Langan McNeill Drive	Yeats United Girls FC
North Sligo Agriculture Show	Sligo Rose Festival	St Brendans NS
Sligo Rugby FC	Sligo Northside Community	Coolera GAA
Ansac CU	Friday Night Fight	Lough Gill Hospice Swim
Mary Cullen	MCS Childcare services	Pieta House
Feis Ceoil	SO Sligo Food Festival	Grange Ladies Football Assoc
Friends of Sligo Gaol	Sligo Cathedral	Strandhill Junior Golf
Coiste Chontae Shligigh	Cancer Support Services	St Michaels Family Life Centre
Metalman Swim Series	St Michaels GAA club	Sligo Coast to Coast
Maugherow Boxing Club	St Nathys GAA	Owenmore Gaels GAA
Bhubesi Pride	Alzheimers Day Care Centre	

## Nomination

Have you set up a Credit Union Nomination?

If so, does it reflect your up-to-date wishes?

If you have setup a Nomination, we urge you to consider if it is up to date and reflects your current wishes as things may have changed (e.g. change of marital or other circumstances) since you set it up.

- You may be aware that the Credit Union Act allows Members to instruct that in the event of their death, the value of their savings with the Credit Union passes to one or more specified persons.
- The advantage of this is that the money is paid to the nominated beneficiary quickly and without any complicated process involving Solicitors or probate.
- Please note this operates to a maximum of €23,000 only. Any surplus above this amount has to be paid into your estate.
- If you haven't set up a Nomination, we urge you to do so. It doesn't cost anything and the payment will ease the stress of your loved ones at the time of your death.

**If you want to set up or update a Nomination, please ask any of our staff in Stephen Street**



# Our Members Contribution to Credit Unions in Developing Countries

## Credit Unions: Helping People to Help Themselves

We are pleased that our members continue to support the ILCU Foundation through a €0.50 cent contribution each year allowing the Foundation to continue their great work.

Profit earned from trading vegetables that she produced on her small farm has allowed widowed mum -of- four Shifine Mamo to send all of her children to school. And following the recent graduation of her son from technical college, she is determined that her other children will also finish their education. 45-year-old Shifine is a founder member of the village Credit Union established with support from the ILCU Foundation in Gerda Busa village, Ethiopia, eight years ago.

She has received several loans from the local Credit Union, and has used them to buy two half acre plots of land close to the village. She has bought a pump and other equipment to irrigate the crops, and now has two productive vegetable plots. Shifine is now able to grow and sell several crops of onion, tomato and other vegetables, each year. Last year she borrowed 6,000 Ethiopian Birr (€250) to invest in farm improvements, and at her most recent harvest sold her produce for five times that amount.



'It is hard to raise your children without their father, but it would have been much harder for me if I hadn't been able to start this business with help from the Credit Union,' she said. Shifine Mamo sells some of the produce that she grows to local traders, but uses it also for her family. 'We now have a much better diet,' she said. Shifine is optimistic about the future, and believes that her role as a founding member of her local Credit Union can benefit others in her community. 'It is pleasing to see others saving and borrowing from the Credit Union, and getting the chance to increase their income and make better lives for themselves,' she adds.



Best wishes to Mavis Barber who retired after twelve years serving our members with a smile. We would like to wish Mavis well and every happiness in her retirement, pictured with Fiona Kelly and Angela Doohan

# Sligo Credit Union Board of Directors

Chairman

Secretary

Directors

Fergus MacNabb

Helen McMorrow

Bernie Conlon

Martin Cronin

James Kelly

Seamus Kilgannon

Noel Mooney

Marie Mulligan

Peter Smith

Peter Tiernan

Sile Ui Ghallachoir

Board Oversight Committee

Chairman

Volunteers

Manager

Deputy Manager

Staff

Michael Giblin

Jackie Duggan

Marie Fowley

Patricia Dennison

Barbara Dobson

Juan Guanzon

Helen Hamilton

Josephine Kennoy

Barry O'Flynn

Orla Lee

Mavis Barber

Fidelma Cassidy

Donna McCabe

Brenda Brennan

Angela Doohan

Louise Downes

Ursula Duignan

Susan Fagan

John Farrell

Anna Galligan

Paul Guilfoyle

Collette Hamilton

Sarah Horan

Joanne Irwin

Fiona Kelly

Tomas Kelly

Adrienne McCann

Breda McElroy

Joanne McGrory

Carmel Mullaney

Sharon Mullen

Laura White

50th Celebration Committee

Volunteers/Tellers in our Collooney Office

Philip O'Brien

Jim Ganley

Karen Drury

Kathleen Maye

Damien Molloy

Michelle Sheridan

Karen Weir



Our Board of Directors and Supervisors prior to last year's AGM. Missing from photo is James Kelly & Seamus Kilgannon



If you or someone you know has been affected by Cancer or any Life limiting illness, would you like to put your dividend to a good cause this year? By donating your dividend you will help the North West Hospice and Sligo Cancer Support Centre to keep their vital services going, your donation would make a difference to those in need of their care...

Please donate my dividend to North West Hospice: ☐

Please donate my dividend to Sligo Cancer Support Centre: ☐

*(If you would like to donate to both organisations please tick both boxes above and your dividend will be divided between both the North West Hospice and the Sligo Cancer Support Centre.)*

If you would like to donate please complete the form below and return to Sligo Credit Union by 31-December- 2016

Name: \_\_\_\_\_ Member No: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_

**Your Chance to Share - Help us to Care**

